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Almost every form and publication also has its own easily accessible information page on IRS.gov. For example, the Form 1040 page is at [IRS.gov/form1040](https://www.irs.gov/form1040); the Form W-2 page is at [IRS.gov/w2](https://www.irs.gov/w2); the Publication 17 page is at [IRS.gov/pub17](https://www.irs.gov/pub17); the Form W-4 page is at [IRS.gov/w4](https://www.irs.gov/w4); the Form 8863 page is at [IRS.gov/form8863](https://www.irs.gov/form8863); and the Schedule A (Form 1040) page is at [IRS.gov/schedulea](https://www.irs.gov/schedulea). If typing in the links above instead of clicking on them: type the link into the address bar of your browser, not in a Search box; the text after the slash must be lowercase; and your browser may require the link to begin with “www.”. Note that these are shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications on the [Comment on Tax Forms and Publications](#) page on IRS.gov. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each one. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

**Social Security and Medicare Tax  
 on Unreported Tip Income**

▶ Information about Form 4137 and its instructions is at [www.irs.gov/form4137](http://www.irs.gov/form4137).  
 ▶ Attach to Form 1040, Form 1040NR, Form 1040NR-EZ, Form 1040-SS, or Form 1040-PR.

Name of person who received tips. If married, complete a separate Form 4137 for each spouse with unreported tips. Social security number

1	(a) Name of employer to whom you were required to, but did not report all your tips (see instructions)	(b) Employer identification number (see instructions)	(c) Total cash and charge tips you received (including unreported tips) (see instructions)	(d) Total cash and charge tips you reported to your employer
A				
B				
C				
D				
E				
2	Total cash and charge tips you <b>received</b> in 2016. Add the amounts from line 1, column (c)		<b>2</b>	
3	Total cash and charge tips you <b>reported</b> to your employer(s) in 2016. Add the amounts from line 1, column (d)			<b>3</b>
4	Subtract line 3 from line 2. This amount is income you <b>must</b> include in the total on Form 1040, line 7; Form 1040NR, line 8; or Form 1040NR-EZ, line 3			<b>4</b>
5	Cash and charge tips you received but did not report to your employer because the total was less than \$20 in a calendar month (see instructions)			<b>5</b>
6	Unreported tips subject to Medicare tax. Subtract line 5 from line 4			<b>6</b>
7	Maximum amount of wages (including tips) subject to social security tax		<b>7</b>	
8	Total social security wages and social security tips (total of boxes 3 and 7 shown on your Form(s) W-2) and railroad retirement (RRTA) compensation (subject to 6.2% rate) (see instructions)		<b>8</b>	
9	Subtract line 8 from line 7. If line 8 is more than line 7, enter -0-			<b>9</b>
10	Unreported tips subject to social security tax. Enter the <b>smaller</b> of line 6 or line 9. If you received tips as a federal, state, or local government employee, see instructions			<b>10</b>
11	Multiply line 10 by 0.062 (social security tax rate)			<b>11</b>
12	Multiply line 6 by 0.0145 (Medicare tax rate)			<b>12</b>
13	Add lines 11 and 12. Enter the result here and on Form 1040, line 58; Form 1040NR, line 56; or Form 1040NR-EZ, line 16 (Form 1040-SS and 1040-PR filers, see instructions.)			<b>13</b>

**General Instructions**

**Future Developments**

For the latest information about developments related to Form 4137 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form4137](http://www.irs.gov/form4137).

**What's New**

For 2016, the maximum wages and tips subject to social security tax remains at \$118,500. The social security tax rate an employee must pay on tips remains at 6.2% (0.062).

**Reminder**

A 0.9% Additional Medicare Tax applies to Medicare wages, Railroad Retirement Tax Act compensation, and self-employment income over a threshold amount based on your filing status. Use Form 8959, Additional Medicare Tax, to figure this tax. For more information on Additional Medicare Tax, go to IRS.gov and enter "Additional Medicare Tax" in the search box.

**Purpose of form.** Use Form 4137 **only** to figure the social security and Medicare tax owed on tips you did not report to your employer, including any allocated tips shown on your Form(s) W-2 that you must report as income. You must also report the income on Form 1040, line 7; Form 1040NR, line 8; or

Form 1040NR-EZ, line 3. By filing this form, your social security and Medicare tips will be credited to your social security record (used to figure your benefits). Do not use Form 4137 as a substitute Form W-2.



*If you believe you are an employee and you received Form 1099-MISC, Miscellaneous Income, instead of Form W-2, Wage and Tax Statement, because your employer did not consider you an employee, do not use this form to report the social security and Medicare tax on that income. Instead, use Form 8919, Uncollected Social Security and Medicare Tax on Wages.*

**Who must file.** You must file Form 4137 if you received cash and charge tips of \$20 or more in a calendar month and did not report all of those tips to your employer. You must also file Form 4137 if your Form(s) W-2, box 8, shows allocated tips that you must report as income.

**Allocated tips.** You must report all your tips from 2016, including both cash tips and noncash tips, as income on Form 1040, line 7; Form 1040NR, line 8; or Form 1040NR-EZ, line 3. Any tips you reported to your employer in 2016 are included in the wages shown on your Form W-2, box 1. Add to the amount in box 1 only the tips you received in 2016 and did not report to your employer. This should include any allocated tips shown on your Form(s) W-2, box 8, unless you have adequate records to show that your unreported tips are less than the amount in box 8. Although allocated tips are shown on your Form W-2, they are not included in box 1 on that form and no tax is withheld from these tips.

**Tips you must report to your employer.** You must give your employer a written report of cash and charge tips if you received \$20 or more in tips during a month. If, in any month, you worked for two or more employers and received tips while working for each, the \$20 rule applies separately to the tips you received while working for each employer and not to the total you received. Your reportable tips include cash tips received from customers, charged tips (credit and debit card charges) distributed to you by your employer, and tips received from other employees under any tip-sharing arrangement. You must report your tips to your employer by the 10th day of the month following the month you received them. If the 10th day of the month falls on a Saturday, Sunday, or legal holiday, give your employer the report by the next business day. For example, because June 10, 2017 is a Saturday, you must report your tips received in May 2017 by June 12, 2017.

#### **Employees subject to the Railroad**

**Retirement Tax Act.** Do not use Form 4137 to report tips received for work covered by the Railroad Retirement Tax Act. To get railroad retirement credit, you must report these tips to your employer.

**Payment of tax.** Tips you reported to your employer are subject to social security and Medicare tax (or railroad retirement tax), Additional Medicare Tax, and income tax withholding. Your employer collects these taxes from wages (excluding tips) or other funds of yours available to cover them. If your wages were not enough to cover these taxes, you may have given your employer the additional amounts needed. Your Form W-2 will include the tips you reported to your

employer and the taxes withheld. If there was not enough money to cover the social security and Medicare tax (or railroad retirement tax), your Form W-2 will also show the uncollected tax due in box 12 with codes A and B. See the instructions for Form 1040, line 62, or Form 1040NR, line 60, to find out how to report the tax due. If you worked in American Samoa, Guam, or the U.S. Virgin Islands, the amount of uncollected tax due is identified in box 12 on Form W-2AS, W-2GU, or W-2VI with codes A and B. If you worked in Puerto Rico, Form 499R-2/W-2PR, boxes 22 and 23, show the uncollected tax due. Unlike the uncollected portion of the regular (1.45%) Medicare tax, the uncollected Additional Medicare Tax is not reported on Form W-2, box 12, with code B.

**Penalty for not reporting tips.** If you did not report tips to your employer as required, you may be charged a penalty equal to 50% of the social security, Medicare, and Additional Medicare Taxes due on those tips. You can avoid this penalty if you can show (in a statement attached to your return) that your failure to report tips to your employer was due to reasonable cause and not due to willful neglect.

**Additional information.** See Pub. 531, Reporting Tip Income. See Rev. Rul. 2012-18 for guidance on taxes imposed on tips, and the difference between tips and service charges. You can find Rev. Rul. 2012-18, 2012-26 I.R.B. 1032 at [www.irs.gov/irb/2012-26\\_IRB/ar07.html](http://www.irs.gov/irb/2012-26_IRB/ar07.html).

## **Specific Instructions**

**Line 1.** Complete a separate line for each employer. If you had more than five employers in 2016, attach a statement that contains all of the information (and in a similar format) as required on Form 4137, line 1, or complete and attach line 1 of additional Form(s) 4137. Complete lines 2 through 13 on only one Form 4137. The line 2 and line 3 amounts on that Form 4137 should be the combined totals of all your Forms 4137 and attached statements. Include your name, social security number, and calendar year (2016) on the top of any attachment.

**Column (a).** Enter your employer's name exactly as shown on your Form W-2.

**Column (b).** For each employer's name you entered in column (a), enter the employer identification number (EIN) or the words "Applied For" exactly as shown on your Form W-2.

**Column (c).** Include all cash and charge tips you received. This includes the following tips.

- Total tips you reported to your employer on time. Tips you reported, as required, by the 10th day of the month following the month you received them are considered income in the month you reported them. For example, tips you received in December 2015 that you reported to your employer after December 31, 2015, but by January 11, 2016, are considered income in 2016 and should be included on your 2016 Form W-2 and reported on Form 4137, line 1. However, tips you received in December 2016 that you reported to your employer after December 31, 2016, but by January 10, 2017, are considered income in 2017. Do not include these tips on line 1.

- Tips you did not report to your employer on time or did not report at all (include any allocated tips shown in box 8 on your Form(s) W-2 unless you can prove that your unreported tips are less than the amount in box 8). These tips are considered income to you in the month you actually received them. For example, tips you received in December 2016 that you reported to your employer after January 10, 2017, are considered income in 2016 because you did not report them to your employer on time.

- Tips you received that you were not required to report to your employer because they totaled less than \$20 during the month.

- Allocated tips you must report as income (see *Allocated tips* above).

**Line 5.** Enter only the tips you were not required to report to your employer because the total received was less than \$20 in a calendar month. These tips are not subject to social security and Medicare tax.

**Line 8.** For railroad retirement (RRTA) compensation, do not include an amount greater than \$118,500, which is the amount subject to the 6.2% rate for 2016.

**Line 10.** If line 6 includes tips you received for work you did as a federal, state, or local government employee and your pay was subject only to the 1.45% Medicare tax, subtract the amount of those tips from the line 6 amount only for the purpose of comparing lines 6 and 9. Do not reduce the actual entry on line 6. Enter "1.45% tips" and the amount you subtracted on the dotted line next to line 10.

**Line 11.** Multiply the amount on line 10 by 0.062 (the social security rate for 2016).

**Line 13.** Form 1040-SS and Form 1040-PR filers, include the amount from line 13 on Form 1040-SS or Form 1040-PR, line 6. See the instructions for Form 1040-SS or Form 1040-PR for more information.